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Highlights 1990 ONTARIO BUDGET



ROBERT NIXON • TREASURER OF ONTARIO



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HIGHLIGHTS

1990 Ontario Budget

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Treasurer of Ontario and
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1990 Budget Summary

Fiscal Summary

(\$ Million)

	Interim 1989-90	Budget Plan 1990-91	Per Cent Change
Revenue	41,690	44,536	6.8
Expenditure	41,655	44,506	6.8
Surplus	35	30	

Economic Summary

(Per Cent)

	1989	1990
Gross Domestic Product		
- Nominal Growth	8.7	6.7
- Real Growth	2.8	1.7
Inflation (Consumer Price)	5.8	4.9
Employment Growth (000s)	87	64
Unemployment Rate	5.1	5.6
Housing Starts (000s)	93	81
Real Business Investment Growth	7.9	6.1

1990 Ontario Budget Highlights

In the 1990 Budget, the Government is putting forward a plan that addresses the realities of the 1990s: an aging population, working families, a commuting labour force, the need for clean water and the demands of competing in a global marketplace.

- Balanced budget for a second consecutive year - surplus of \$30 million.
- Operating surplus of \$3.2 billion.
- Eighth consecutive year of economic expansion with real growth of 1.7 per cent.
- Tax reduction for 115,000 low-income families.
- \$48 million in interest rate assistance for farmers.
- Tax incentive to stimulate investment in manufacturing.
- \$52 million to initiate long-term care reform.
- \$1.3 billion four-year health capital plan.
- \$48 million assistance for Land Stewardship.
- Extension of GO Transit.
- \$300 million extension of school capital funding.
- A new assessment corporation to meet municipal priorities.
- One cent tax increase per cigarette.

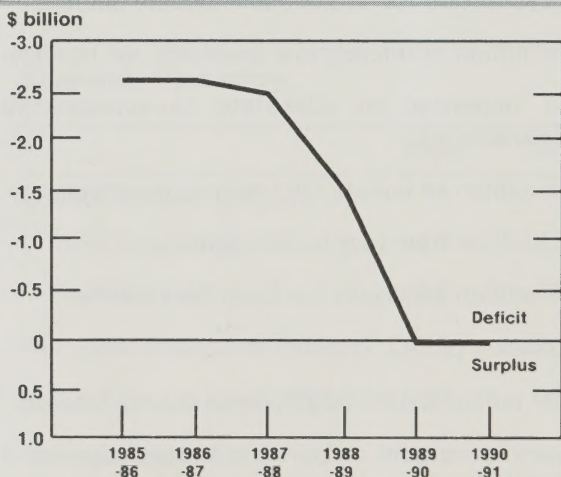
Introduction

Revenues rise to \$44.5 billion, an increase of 6.8 per cent. Taxes are reduced for many Ontarians and there are no general tax increases.

Expenditures to be \$44.5 billion, an increase of 6.8 per cent.

Following the elimination of Ontario's deficit last year, and to maintain stability and fiscal flexibility, the 1990-91 Ontario Budget is balanced.

Deficit/Surplus 1985-86 to 1990-91



Continued Economic Expansion

The economy is now in its eighth consecutive year of expansion. Real output is expected to grow by 1.7 per cent after growth of 2.8 per cent in 1989.

A Foundation for Growth

Ontario's industries must grow and compete internationally. Maintaining a competitive strategy will require a healthy, well-educated and adaptable work force, as well as continued development of

infrastructure. In addition, business must be able to operate at a reasonable cost, within a competitive tax structure and a stable and predictable fiscal climate.

Manufacturing Investment

In the 1988 Budget, the Ontario Current Cost Adjustment (OCCA) was introduced to reinforce Ontario's attractiveness for new manufacturing machinery and equipment investment. The OCCA rate was set at 10 per cent for 1989, 15 per cent for 1990, and will be doubled in this Budget to 30 per cent, commencing January 1, 1991.

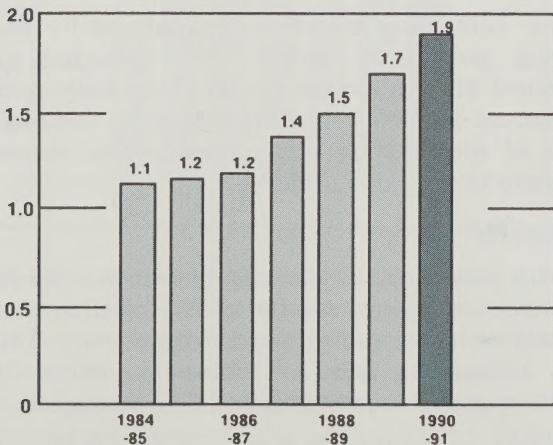
At maturity, this improvement will result in an additional \$140 million to encourage continued new manufacturing investment.

Transportation

Total transportation spending will be almost \$2.5 billion in 1990-91, including \$310 million in Transportation Capital Program funding.

Transportation Capital Spending 1984-85 to 1990-91

\$ billion



The Government recently announced an expansion of municipal transit in the Greater Toronto Area and improvements to GO services, requiring up to \$5 billion over the next ten years, from the Province, municipalities and the private sector.

To continue the enhancement of viable alternatives for commuters, the Government is extending GO rail to Barrie, Bowmanville and Guelph. Future extensions of GO to Brantford and Peterborough will be reviewed.

The Province will also instruct the Ontario Northland Transportation Commission (ONTC) to open talks with the federal government toward the ONTC re-establishing a night train service between northeastern and southern Ontario.

Ontario has asked the federal government to expedite the renegotiation of the Canada-U.S. Tax Treaty in regard to trucking so that Canadian and U.S. carriers compete on a more equal basis. In the meantime, the Province will require American-based truckers to pay Provincial corporate income tax for business conducted in Ontario.

Training

In our continuing effort to upgrade skills and address shortages, Ontario will provide an additional \$11 million for the in-school training of apprentices in 1990-91. This will bring Ontario's share of spending on apprenticeship and related programs to \$46 million this year.

Universities

To help provide for modern equipment and library materials, and to enhance the quality of education, \$18 million has been allocated for universities. This is in addition to the \$1.8 billion for university operating grants already announced in November.

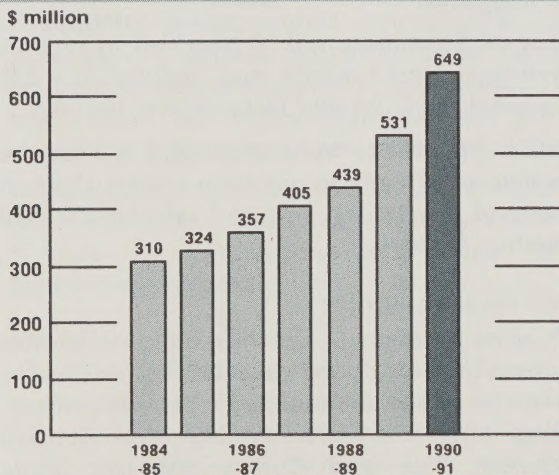
Education Capital

The multi-year Provincial capital commitment for schools is extended for a fifth year, to provide at least \$300 million in 1993-94. When combined with local contributions, this will allow for an additional \$500 million in school construction. Through this multi-year commitment, the Government will provide a total of \$1.5 billion.

Toward a Clean Environment

Funding provided to the Ministry of the Environment will total \$649 million in 1990-91, an increase of 22 per cent over last year.

Ministry of the Environment Spending 1984-85 to 1990-91



The Government recently announced several significant initiatives to improve the quality of life and respond to increasing urban needs in the Greater Toronto Area, including the creation of a major urban park in the Rouge Valley and the planned development of a community of 90,000 at Seaton.

Water and Sewer

The supply of clean, safe water is vital to this province's future. Our current water and sewer capital programs will provide \$175 million in grants and \$71 million for loans in 1990-91, but projections are for greatly increasing needs for new and rehabilitated facilities.

To meet these needs, funding will be transferred to the new water and sewer crown corporation to be established early in 1991. It will build and operate water and sewage facilities in cooperation with municipalities and the private sector. Funding of new water and sewage development will be assisted by the corporation's ability to borrow with a Provincial guarantee of its debt.

Waste Abatement

Funding of \$70 million will be provided in support of municipal, institutional and industrial waste management, a 61 per cent increase over last year.

Ontario's approach to waste abatement will require the producers of waste to pay for a greater share of the costs of developing new and safe landfill and incineration facilities.

Niagara Escarpment Plan

The Niagara Escarpment Commission is responsible for ensuring balanced use of its resource endowment while maintaining the escarpment. Funding and responsibility for the Niagara Escarpment Plan and Commission are being transferred from the Minister of Municipal Affairs to the Minister of the Environment. This recognizes the unique environmental significance of the escarpment area.

Balanced Development for Ontario

In this Budget, the Government continues its commitment to a more equitable distribution of the benefits of economic growth in all regions of the province.

Decentralizing Government

The \$275 million Northern Ontario Relocation Program is providing substantial economic benefits to Northern Ontario through the transfer of 1,600 government jobs and the construction of six new buildings. The Government plans to continue decentralizing its functions from the Metropolitan Toronto area over the next several years.

Agriculture

Farmers face unique challenges - unpredictable commodity prices, unfair international subsidy practices, uncertain growing conditions and increasingly intensive capital requirements. To help meet these challenges, \$48 million has been allocated for new interest rate assistance to farmers.

In support of environmentally sound agricultural practices, \$48 million over four years will be provided for soil conservation through the Land Stewardship Program.

Forestry

The Canada-Ontario Forest Resource Development Agreement expired more than a year ago. Ontario will again supplement its own \$15 million share with an additional \$18 million, for a total expenditure on forest management of \$232 million this year.

Mining

A healthy investment climate for mineral exploration is needed to ensure a dynamic mining industry. The federal budget's termination of the Canadian Exploration Incentive Program removes support for mineral exploration. To help promote

mineral exploration, an extra \$25 million will be allocated over three years to expand the Ontario Prospectors' Assistance Program and the Ontario Mineral Incentive Program.

An additional \$5 million in special incentives will also be provided over the next three years to encourage exploration in the vicinity of selected northern Ontario communities.

Improving Social Services

Efficient, high-quality social services and a fair distribution of the benefits of the province's wealth are fundamental to the well-being of the people of Ontario.

Long-Term Care Reform

Over the next decade, the number of elderly and persons with disabilities will increase dramatically. This will require fundamental reform in the way we provide long-term care in the province. To achieve this goal, the Budget includes funding for the comprehensive reform of long-term care.

Long-term care reform will create new, community-based service access agencies. These will allow people to find the help they need in one place and will ensure that appropriate care is provided, either in their homes or, where necessary, in long-term care facilities.

The new system of community-based access and in-home support will have increased funding of up to \$410 million by the middle of the 1990s. Included is \$11 million in immediate funding to improve visiting homemakers' compensation. In addition, \$30 million will be provided for expanded home-support services delivered by community agencies. Co-payments will offset some of the costs of non-health-care services such as homemaking and meal preparation. There will be no charges for personal care and lower-income Ontarians will be exempt.

A consistent level-of-care funding system will be introduced for Homes for the Aged and Nursing Homes, so more resources will be available to care for residents with greater needs. Through increased resident and government contributions, more than \$200 million in additional funding will be available to these facilities by 1992.

Increased funding of \$52 million is provided in this Budget to initiate the reform.

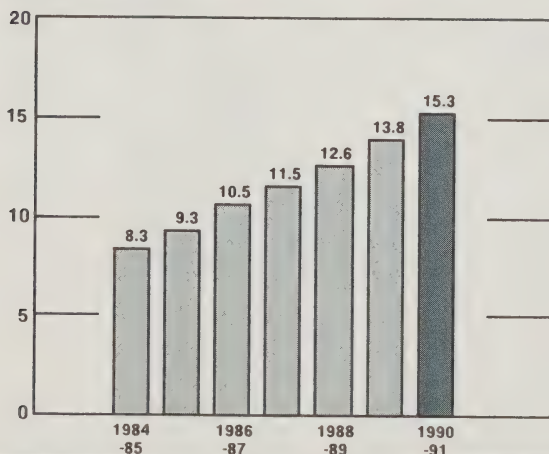
Hospital Funding

The Government will provide \$1.3 billion for health capital over the next four years. For 1990-91, \$250 million will be allocated for health capital. Approximately \$300 million of this multi-year funding is designated to increase cancer treatment capacity throughout the province.

Funding for the operation of hospitals will increase by 9.7 per cent, to \$6.6 billion.

Ministry of Health Spending 1984-85 to 1990-91

\$ billion



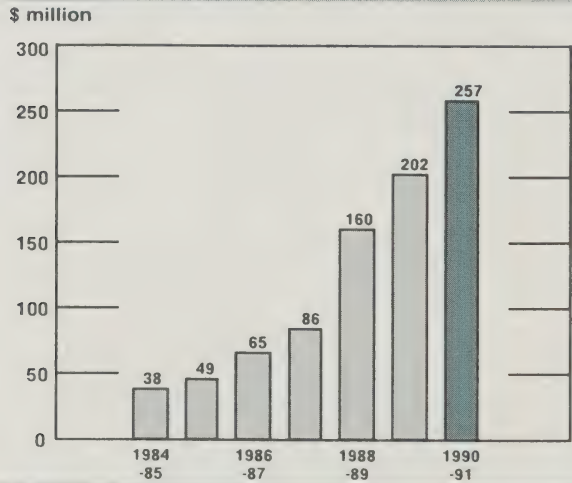
Note: Data adjusted to exclude impact of advanced payments.

In 1990-91, total Ministry of Health spending will increase by 10.9 per cent to \$15.3 billion, or \$1.5 billion more than last year.

Child Care

This year, combined federal and provincial contributions for child care will be \$396 million, an increase of 16 per cent over 1989-90 spending. Due to Ottawa's limitation on Canada Assistance Plan (CAP) cost-sharing, federal contributions will remain at last year's level of \$139 million. Ontario's share will be \$257 million, an increase of 27 per cent over last year. This funding includes \$10 million to operate newly licensed spaces in schools and non-profit centres.

**Ontario Share of Child Care Spending
1984-85 to 1990-91**



Community Agency Compensation

Last year's Budget announced improved compensation for lower-paid workers in agencies. A further \$58 million on an annual basis is

provided to increase compensation in community agencies.

Assistance for Low-Income Families

Ontario income taxes for lower-income families with children will be reduced. The Ontario Tax Reduction program will be enriched to provide a \$200 supplement in respect of each dependent child age 18 or under. An additional \$200 supplement will be provided in respect of dependants with disabilities, regardless of age. Where a child with disabilities is being cared for at home, the supporting parent may claim both supplements, for a total of \$400.

The improved Ontario Tax Reduction will provide 250,000 supplements on behalf of children and dependants with disabilities, benefiting 115,000 families.

The cost of this initiative is estimated at \$44 million in 1990-91, increasing the total cost of the Ontario Tax Reduction to \$88 million.

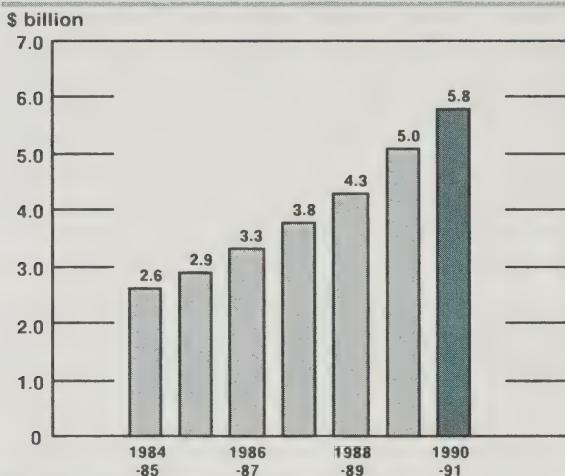
Social Assistance

In last year's Budget, the Government undertook a major reform of social assistance. The cost of reform was to be shared with the federal government; however, in its recent budget, Ottawa announced it was freezing Ontario's CAP entitlement at five per cent above that of 1989-90. Ontario will not follow the federal direction. The Budget continues to provide funding for the reform process.

In the fall of 1989, children's benefits were improved and the Supports to Employment Program was initiated. As of January 1990, social assistance recipients also benefited from increased rates and improved shelter allowances. Basic benefits and shelter allowances will be increased by five per cent, effective January 1, 1991. In total,

social assistance spending will grow by \$406 million, or 16 per cent over last year.

Ministry of Community and Social Services Spending: 1984-85 to 1990-91



Native Social Services

As part of the Government's ongoing commitment to the aboriginal peoples of the province, an additional \$14 million will be provided for Native-managed social service initiatives. This funding will support and strengthen our Native communities.

Property Assessment

Assessment of property value on behalf of municipalities is currently undertaken by the Ministry of Revenue. A main objective of the assessment program is to ensure that a consistent assessment base exists in Ontario. The Province will establish the Property Assessment Corporation to better meet the assessment priorities of municipalities. The Province will transfer its \$108 million allocation for assessment activities to this Corporation.

Federal Goods and Services Tax

The planned implementation of the federal Goods and Services Tax (GST) on January 1, 1991, will result in significant disruptions for business and consumers. Ontario finds the federal GST unacceptable. No fundamental changes are made to Ontario's Retail Sales Tax in this Budget.

This Budget increases the rate of compensation for vendor collection from four per cent to five per cent and increases the annual maximum compensation from \$1,000 to \$1,500. Other minor changes are made to definitions and administrative practices.

Revenue

This Budget contains a tax increase on tobacco. The tax per cigarette will be increased by one cent and the tax on cut tobacco will be made consistent with that on cigarettes. Together these changes will raise \$158 million in 1990-91.

Renewing Federal-Provincial Fiscal Relations

The concerns recently expressed by many provinces about fiscal arrangements with Ottawa are shared by Ontario. A constructive resolution must be found. It is the Government's intent to seek opportunities to work with Ottawa, the provinces and the territories towards the renewal of fiscal arrangements, and in the process to contribute to strengthening Canadian federalism.

Conclusion

The Government is maintaining its proven record of responsible fiscal management and social and economic progress. Ontario's Budget has been balanced while reducing taxes for many families and businesses. This is a solid basis for our continued shared prosperity in a healthy and safe Ontario.

Last year Ontario achieved a balanced budget for the first time in 20 years - another balanced budget is presented for this fiscal year. This year total debt will be reduced by \$430 million - the first reduction in Ontario's debt in 43 years.

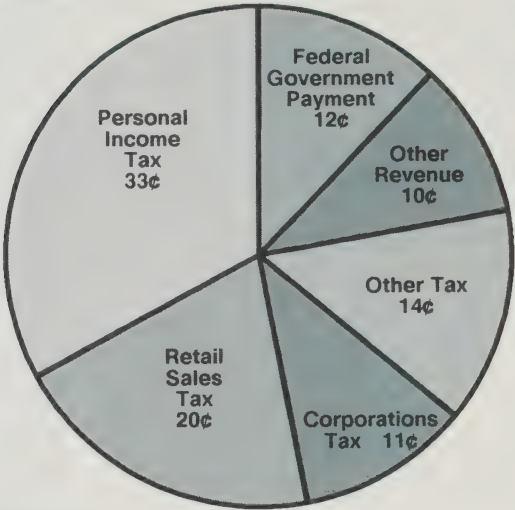
The leadership of Premier David Peterson in all these initiatives has been strong, confident and effective. As we complete our first five years in office we are proud of our achievements in fulfilling our priorities, meeting our objectives and balancing our budget.

Expenditure (\$ Million)

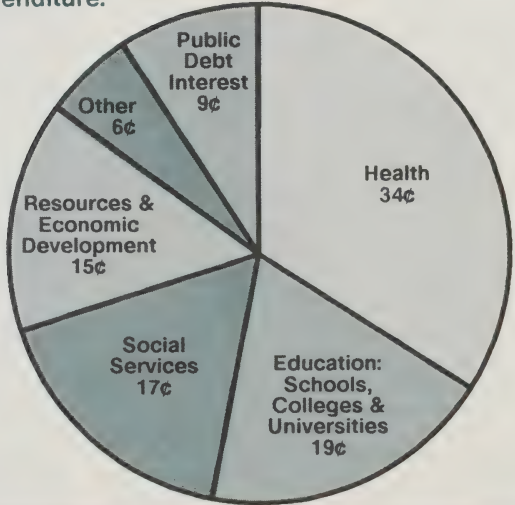
Ministry	Interim 1989-90	Budget Plan 1990-91
Agriculture and Food	515	558
Attorney General	493	539
Office Responsible for Native Affairs	6	6
Citizenship	48	56
Colleges and Universities	2,745	2,971
Community and Social Services	5,046	5,846
Office of Francophone Affairs	4	4
Consumer and Commercial Relations	157	163
Correctional Services	470	521
Culture and Communications	314	317
Education	5,329	5,788
Energy	38	51
Environment	497	578
Executive Offices	8	9
Financial Institutions	42	59
Government Services	669	684
Health	13,807	15,313
Housing	530	666
Industry, Trade and Technology	148	188
Technology Fund	72	85
Intergovernmental Affairs	9	10
Labour	139	154
Management Board	52	61
Contingency Fund	-	153
Municipal Affairs	980	1,028
Natural Resources	588	606
Northern Development and Mines	318	345
Office for Disabled Persons	9	8
Office Responsible for Senior Citizens' Affairs	9	8
Office Responsible for Women's Issues	18	19
Revenue	832	879
Skills Development	239	248
Solicitor General	496	556
Tourism and Recreation	187	200
Transportation	2,312	2,498
Treasury and Economics	31	32
Economic Development Projects	51	60
Public Debt Interest	4,283	4,310
Board of Internal Economy	103	113
Advance Payments:		
Colleges and Universities		(110)
Education	140	(440)
Health	334	(334)
Municipal Affairs	(413)	-
Expenditure Savings and Constraints	-	(300)
Total	41,655	44,506

The Budget Dollar: 1990-91

Revenue:



Expenditure:



Enquiries

General enquiries about the 1990 Ontario Budget should be directed to:

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